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PURCHASING



department of administration
purchasing division

mitchell building helena, montana

NOTES

July, 1987

Published periodically in the interest of promoting better communications between the Purchasing Division and the agencies it serves.

"Purchasing Notes" is a newsletter intended to keep state agencies informed of current state procurement issues and practices. It will be published and distributed on a periodic basis, approximately four times per year. Reader comments, letters and articles are invited.

TERM CONTRACT REPORTING

Term contract pricing is based upon volume usage. In order to obtain the lowest possible pricing for state term contracts, Purchasing must have accurate usage information. The only reliable way of getting this data is from you, the staff of each using agency. The new delegation agreements established with every agency for FY 88 include a provision which will require agencies to report usage of term contracts. The requirement will be considered met when agencies routinely forward a copy of the appropriate agency purchase order or vendor invoice to Purchasing, indicating the term contract number used and the item number.

REDUCING THE NUMBER OF REJECTED BIDS

In order to reduce the number of bids rejected due to vendors not following the directions printed on each Invitation For Bid (IFB) form, the following procedural changes have been made within Purchasing. Agencies should adapt their procedures accordingly.

New IFB Forms

A revised IFB form has been developed which includes additional reminders for bidders to properly identify the envelopes used as containing bid information. A copy is shown on page 4.

Sealed Bid Procedures

Bids which are opened inadvertently due to the envelopes not being identified as containing bids are now being resealed with the appropriate information written on the envelope by the mail clerk. For internal control purposes, the duties of opening (and resealing, if necessary) bid mail should be assigned to someone other than the purchasing agent.

2:00 PM Standard Bid Opening Time

Formerly, bid openings were held at 10:00 AM. Any bids received after that time were rejected. In order to allow for express mail deliveries, the standard bid opening time has been changed to 2:00 PM.

Rejection Letter

A "check off" form letter has been developed to indicate to vendors why their bids were rejected. A copy is shown on page 4.

If a bid is mistakenly addressed to your agency, please time stamp and reseal it, noting the circumstances under which it was opened, and forward it to Purchasing. Vendors often confuse eventual delivery points with the agency issuing the bid and address their bids accordingly.

CONTRACT RENEWALS

18-4-313 MCA indicates that contracts may be extended or renewed if the terms of the extension or renewal are included in the initial solicitation and if funds are available. Before extending or renewing a contract, however, it must be determined in writing that the contract requirements remain the same and that the extension or renewal do not inhibit competition or the promotion of economies in state procurement (e.g., grouped or volume purchases).

Considerations in taking such an action are the extent to which the contract terms and conditions are current, the service or supplies have changed with current technology, and prices have changed.

As a general rule, Purchasing will be responsible for extending or renewing all contracts initially issued by Purchasing. For agency issued contracts, if they are within the agencies' delegated authority, we urge your serious review of the considerations stated above.

REQUEST FOR PROPOSALS (RFP'S)

The Request For Proposal (RFP) can be a valuable purchasing tool when used appropriately. Unlike the standard IFB, the RFP is used most appropriately when factors other than price for preset specifications are being considered and when discussions about technical or price aspects are needed.

Some reminders and cautions to keep in mind when the RFP process is being considered by your agency are:

- * Agency RFPs must be within the purchasing authority delegated by the Purchasing Division or by a specific law. If not, the Purchasing Division must issue the RFP.

- * Requisitions are still required, as with other types of purchases.
- * Proposals are NOT OPENED PUBLICLY as is the case with sealed bids. Proposals and the relevant award information are public information only after the award. Prior to that time, only State personnel with legitimate interests in the particular RFP may have access to the information.
- * The evaluation criteria which will be used to determine which vendor receives the award must be clearly specified in the RFP. Only those criteria may be used.
- * Generally, RFPs are only considered cost effective for contracts over \$10,000. Though they offer more flexibility than the sealed bid procedures, they are also more time consuming.

If you are in doubt about whether an RFP is the most advantageous method to use or need more information about the process or need assistance with RFP requirements and language, let us know. We'd like to help.

NEW PREFERENCES FOR VENDORS EFFECTIVE OCTOBER 1, 1987

The 1987 Legislature passed HB 417 which provides for a new preference for Montana Made products over and above the current 3% Montana resident preference. Though the concept is simple, the calculations involved are rather complex. Draft Administrative Rules will be issued in the near future for your review. A public hearing on these rules will be held on August 20. Please contact Bruce Swick, who will be the hearings officer, for more information.

Purchasing is now in the process of developing a computerized tabulation sheet which will apply the preferences and result in standardized tabulation documents for public scrutiny. If feasible, the program will be made available to all agencies.

ELWOOD "WOODY" ANDERSON RETIRES

Woody Anderson has completed 20 years of public service to the State of Montana. He recently elected to begin enjoying the fruits of all those years and the retirement benefits he's accrued. Though Woody has served the State in a number of different capacities over the years, he has spent the last 5 1/2 years as a Purchasing Agent for the Division.

Thanks Woody, for your dedication and conscientious service. We sincerely hope your "endless summer" is enjoyable!

COMPLIANCE REVIEWS

The Purchasing Division delegates authority to State agencies through formalized delegation agreements. As part of that agreement, Purchasing conducts annual reviews of each agency's purchasing practices and evaluates the degree to which those practices comply with the Montana

Codes and Administrative Rules. The results of this review are then forwarded to the Office of the Legislative Auditor.

The review is a relatively painless process, if the proper documentation and files have been kept. To make the review process easier for you and for us, please keep these tips in mind throughout the year.

- * Document everything - phone conversations with vendors, approvals received for exceptions, etc.
- * Keep and follow a checklist of the various requirements for each dollar volume type of purchase. Requirements vary for each of the following categories: under \$300; \$301-\$500; \$501-\$1,999; \$2,000 and over. Requirements can be found in your agency's delegation agreement or in M.O.M. 1-0706.10 through 1-0706.30.
- * Sole source purchases, exigency purchases and RFPs each have specific procedural, documentation and justification requirements. Compliance with these requirements found in M.O.M. should be documented.
- * Try to keep your purchasing files organized and centralized.

STATE OF MONTANA INVITATION FOR BID		Department of Administration Purchasing Division P.O. Box 20200, Helena, MT 59620
Use this form only in submitting prices		THIS IS NOT AN ORDER
<div style="border: 1px solid black; width: 150px; height: 50px; margin: 10px auto;"></div>		Date: _____ Invitation for Bid No. _____ Received by: _____
NOT TO BE FOLDED UNSEALED BIDS will be received until 2 P.M. on _____ 19____ Month Day and will then be publicly opened by State Purchasing personnel		RETURN SEALED BIDS TO: Department of Administration Purchasing Division Room 146, State Capitol Helena, MT 59620
Bids must be returned to a sealed envelope marked as shown.		<div style="border: 1px solid black; padding: 5px; width: fit-content;"> Dept. of Administration Purchasing Division P.O. Box 20200, Helena, MT 59620 </div>
BEFORE MAILING, YOU MUST: <ul style="list-style-type: none"> ** Properly identify return envelope ** Sign bid ** Use ink or type ** Submit bid separately (if requested) ** Submit itemization price (if requested) ** List contractor's license (if requested) ** Review & complete all requirements listed herein to ensure compliance 		
COMPLETE IN FULL AND SIGN		
Delivery Date: _____ Payment Terms: _____ Supplier Name: _____ By: _____ Date: _____ Typed/Printed Name: _____		IMPORTANT: SEE REVERSE SIDE FOR TERMS AND CONDITIONS. Pgs. 687

DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION	
 THE GREAT SEAL OF THE STATE OF MONTANA 1889	1103 MTN. HILL BUILDING, ROOM 146 HELENA, MONTANA 59620
STATE OF MONTANA	
<p>State of Montana laws and rules include requirements to be met during the competitive bid process. Although these requirements are listed in each bid, some of the requirements are successfully overlooked or the bid must be rejected.</p> <p>We received your bid number _____ for _____ and had to reject it for the following reason(s):</p> <p>A. <input type="checkbox"/> Bid was received late</p> <p>B. <input type="checkbox"/> Return envelope was not identified with bid number and date</p> <p>C. <input type="checkbox"/> Bid was not signed</p> <p>D. <input type="checkbox"/> Descriptive literature was not submitted</p> <p>E. <input type="checkbox"/> Bid was not submitted in ink or typewritten</p> <p>F. <input type="checkbox"/> Change/alterations of bid prices were not initialed</p> <p>G. <input type="checkbox"/> Other _____</p> <p>Prior to submitting your next bid, please review the requirements and if any questions remain, contact this Division.</p> <p style="text-align: right;">Sincerely,</p> <p style="text-align: right;">_____ Purchasing Agent</p>	
REC-0101000	

AUGUST

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2 JANITORIAL CONTRACTS J - 57	3	4	5 SALT - STOCK AND WATER SOFTENING W - 58 GLASS - ALL KINDS B - 59	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26 CLOTHING APPAREL SPRING REQMTS. P - 60	27	28
29	30	31				

SEPTEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2	3 LAWN MOWERS E - 61 PAINT AND RELATED SUPPLIES W - 62	4	5
6	7 LABOR DAY!!	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

O C T O B E R

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				1	2	3
4	5 COPIERS & EQUIP. B - 63 VIDEO EQUIPMENT H - 64 VIDEO TAPES AND SUPPLIES H - 65	6	7	8	9 PHOTO SUPPLIES & EQUIPMENT H - 66	10
11	12	13 TYPEWRITERS B - 67	14	15 POWER & HAND TOOLS W - 68 FOOD REQUIREMENTS J - 69	16 HOSPITAL & LAB EQUIPMENT J - 70 HOSPITAL & LAB SUPPLIES J - 71	17
18	19	20 FIRE EXTINGUISHERS EQUIP. & MAINT. W - 72 SOAPS & SODAS C - 73	21	22	23 SOAP - BAF C - 74	24
25	26	27	28	29	30 FARM EQUIPMENT H - 75	31

N O V E M B E R

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3 AUTOMOBILES AND TRUCKS C - 76 ATHLETIC, REC. & TRAINING EQUIP. W - 77	4	5	6 PROPANE GAS C - 78	7
8	9	10	11	12 ENGINEERING EQUIP. & SUPPLIES C - 79	13	14
15	16	17	18	19	20	21
22	23	24	25	26 HAPPY . THANKSGIVING!!	27	28
29	30					

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Dept. of Admin.,
Purchasing Division
Mitchell Bldg., Rm. 165
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TO:

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